

No.: 91-33
Date: January 22, 1991

FEDERAL HOUSING FINANCE BOARD

Approval of 1991 Operating and Capital Expenditure Budgets -
Federal Home Loan Bank of San Francisco

WHEREAS, the Federal Home Loan Bank Act, 12 U.S.C.A. §§ 1421-1447 (West 1989 & Supp. 1990), as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. NO. 101-73, 103 Stat. 183 (August 9, 1989), established the Federal Housing Finance Board ("Finance Board") to supervise the Federal Home Loan Banks ("FHLBanks"), and to ensure that the FHLBanks carry out their housing finance mission and operate in a safe and sound manner; and

WHEREAS, to fulfill these responsibilities, the Finance Board has reviewed the 1991 operating and capital expenditure budgets of the FHLBanks within the context of establishing and maintaining a financial plan for the entire FHLBank System; and

WHEREAS, to ensure consistency among the goals and strategies of each FHLBank and the goals and strategies of the FHLBank System, the Finance Board has established certain financial objectives, operating controls and reporting requirements as a part of the 1991 budget process.

NOW THEREFORE, pursuant to the Finance Board's authority to approve the budgets of the FHLBanks under 12 C.F.R. § 934.6 (1990),

RESOLVED, that the Federal Home Loan Bank of San Francisco's ("San Francisco") operating and capital expenditure budgets are hereby approved in the amount of \$57,809,804 for operating expenses and \$11,950,045 for capital expenditures subject to the following terms and conditions:

1. That San Francisco shall reduce overall expenses and/or improve actual income in the Member Correspondent Services functional area for 1991 sufficient to be in compliance with PSAF and at least breakeven by midyear. This requirement may not be achieved by shifting expenses or income among functional areas;
2. That San Francisco shall provide the Finance Board a monthly progress report on the FHLBank's efforts with regard to leasing vacant office space at 600 California Street;

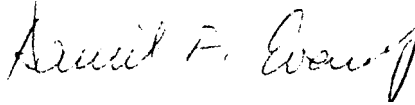
Approval of 1991 Operating and Capital Expenditure Budgets -
Federal Home Loan Bank of San Francisco
(Continued)

3. That, no later than 30 days after the end of each quarter, the board of directors of San Francisco shall provide the Finance Board with a written report on the FHLBank's progress towards meeting the conditions of approval set forth above.

FURTHER RESOLVED, that the Federal Home Loan Bank of San Francisco shall:

1. Adhere to the operating budget submitted to and approved by the Finance Board. The allocation by functional area of budgeted amounts shall be in accordance with the operating budget.
2. Adhere to the capital budget submitted to and approved by the Finance Board. Capital expenditures shall be disbursed in accordance with the specific purposes identified in the capital budget.
3. Limit capital expenditures in the member correspondent services functional area to no more than \$10,000 in the aggregate.
4. Obtain prior Finance Board approval for any Congressional outreach activity outside its respective FHLBank district, and submit to the Finance Board existing and proposed contracts with all Washington area professionals (lawyers/lobbyists/consultants).
5. Obtain Finance Board approval, annually, prior to implementation of any incentive compensation plan.

By the Federal Housing Finance Board



Daniel F. Evans, Jr., -Chairman